UK Power Networks

Business plan (2015 to 2023)
Annex 12: Business Transformation

March 2014

" A reliable... an innovative... and the lowest price electricity distribution group. "

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Delivering your electricity

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Contents

This annex has been updated to reflect UK Power Networks' March 2014 business plan. We have a tracked change version for the purpose of informing Ofgem of all revisions to the July 2013 business plan, should this be required.

1 Executive summary

Our Business Transformation programme is already under way and this annex explains what we are doing and why we are doing it. The programme is delivering a fundamental change to our business processes targeted to achieve step change improvements to customer service, cost efficiency and the ability to respond to future requirements. Our goal is to deliver a more efficient and customer centric organisation by April 2015, to ensure that we achieve upper third performance and are ready for RIIO-ED1.

As part of our Business Transformation programme we will leverage global best practices in customer service and deliver the service improvements that were prioritised following our stakeholder consultations. We will introduce customer self-serve applications enabling customers to get quotes, book appointments and make payments online; enable first point of contact resolution for inquiries; and allow customers to receive or be able to access information through their preferred channel of communication. Internal business efficiencies will be delivered through improved processes for connections, asset management, capital delivery and fault response as well as through the reduction of manual interventions in data handling. The programme will also deliver a closer integration of our IT systems and provide a single data source for our customers, assets and work, which will all be fully integrated with one another and will enable automated performance reporting. This includes advanced reporting capabilities for historical, real time and forecasting timescales.

Our Business Transformation programme is a £50million initiative self-funded by UK Power Networks' shareholders, which demonstrates their commitment to deliver an excellent customer-focused and a sustainably cost efficient organisation. This programme is a truly business led, owned and driven programme. We have appointed lead individuals from our business to work in the programme but these leads will retain their role in day-to-day current business operations. In order to help us deliver this programme we have chosen Enzen Global Limited as our programme delivery partner. KPMG has been chosen as our Client Side Advisor, working with us to provide global best practices guidance as well as expert resources to supplement our in-house team.

More information is provided in the following pages, including details of the programme key deliverables, timescales and programme structure.

2 Business transformation objectives

2.1 Introduction

UK Power Networks is in the final stage of its strategic development - Transform.

Having separated from EDF Energy and established UK Power Networks as an independent entity, the Business Transformation programme is the part of our development where we achieve a step-change in our performance by fundamentally altering the way we work and the way we serve our customers. Over the last two years we have made major progress in our business operations and we have fully separated our organisation, IT systems and supply chain from EDF Energy. We have also delivered a step change improvement in our quality of supply performance as customer interruptions and customer minutes lost continue to fall, down 30 per cent and 42 per cent respectively, since 2009/10. We have also improved our customer service with complaints down by 81%. At the same time we are improving our cost efficiency to deliver better value for money to our customers through sustainable cost savings programmes that have driven down our overhead costs. We have also made significant improvements in connections customer service, and in facilitating competition in connections services. Most importantly our safety performance continues to improve.

2.2 UK Power Networks vision

and to achieve upper third performance

At UK Power Networks our vision is to be an Employer of Choice, a Respected Corporate Citizen and to be Sustainably Cost Efficient. The three pillars of our vision support our strategic target to achieve upper third performance in customer service, connections customer experience, cost efficiency and quality of supply, whilst continuously improving our approach to health, safety and environmental performance.

2.3   Drivers for change

We recognise that although our overall performance has significantly improved over the last three years, a number of our existing business processes and IT systems would benefit from better integration, flexibility and automation. These are necessary for us achieve upper third performance and provide a robust platform for the future. Some of the challenges that impact on our ability to reach our strategic target can be summarised as follows:

- Our inherited business processes are **fragmented across multiple IT systems**, creating barriers to delivering the business and responding to customer needs in the most efficient way

- The **lack of customer self-serve applications** and the limited choice available to customers for inbound and outbound contact result in diminished customer service. Moreover, our IT systems do not hold sufficient and single customer record information (including historic interaction), which does not conform to global best practices

- **Data capture is highly manual** and time consuming, which makes it challenging for the field force to maximise their productivity

- In some instances we have **different systems across our three licence areas resulting** in different processes being followed, and sub-optimal utilisation of our work-force; this results in inconsistent levels of service being provided to our customers

- The above result in **reporting systems that are not fully integrated and automated**, making internal management reporting and Regulatory submissions labour intensive

In order to address the above challenges and to achieve upper third performance, a Business Transformation programme started in April 2013. This is a £50million initiative self-funded by UK Power Networks' shareholders, which demonstrates their commitment to deliver an excellent customer-focused and a sustainably cost efficient organisation. Over the course of the next two years we will review all of the processes in our regulated business - encompassing customer service, connections (including competitive activities), fault response, asset management, inspection and maintenance, capital delivery, and human resources - to ensure that they are as efficient and effective as possible. We are also mindful of changing consumer and business requirements and the need to establish a flexible and robust platform for the future.

We will develop common best practice processes across our three licence areas and rationalise our IT systems to a smaller set of applications, centred on SAP®, (an industry leading business management IT system). This will underpin the provision of consistent, accessible and relevant data across UK Power Networks. The Business Transformation programme will provide end-to-end integration of data without manual intervention or multiple data entries and will provide strong master data governance for data ownership, creation and replication, which will further improve the quality of our data. The closer integration of our IT systems will also provide a single data source for our customers, assets and work. The systems will all be fully integrated with each other and will enable automated performance reporting. Moreover, the Business Transformation programme will implement a flexible and future-proofed technology platform that is capable of scaling to future business needs and, where appropriate, facilitating closer integration between power networks, commercial and consumer-facing systems.

Business Transformation is as much about a change to the cultural issues of the organisation as it is about processes, systems and data. This programme will examine the roles and competencies required, and the behaviours and performance management needed, to achieve upper third performance.

One of the factors critical for the success of the Transformation programme is that our employees have the opportunity to help shape their part of the business so that when we implement the new systems there will be wide acceptance by our workforce. Involving our employees and taking on board their ideas and suggestions will ensure that the end result not only means that we will have a high performing business that can deliver excellent customer service, but also that we have motivated and engaged employees whose jobs are more satisfying and rewarding.

The Business Transformation programme is also about innovation. The business processes we are redesigning will incorporate global best practices, which in some cases are truly innovative. Innovation will also be a feature of the tools we will use to develop those processes. The systems and applications we will implement will be leveraging the innovation that our vendor companies have developed over the years. Innovation will also be present in the way we engage with our workforce and the way we deliver the programme itself.

2.4   Customer relationships

The Business Transformation programme will result in closer customer relationships and increased support for customers to use multiple channels to communicate with us, including self-serve provision. These customer focused improvements are closely aligned with what our customers told us they wanted during our comprehensive stakeholder engagement activities (see Annex 19: Stakeholder Engagement Process). Some of their requests, to be addressed by the Business Transformation programme are:

- Resolving many more customer enquiries at the first point of contact
- Providing estimates or quotations and delivering work as and when the required by customers
- Enabling customers to self-serve get quotes, book appointments and make payments online
- Enabling customers to receive or be able to access information through their preferred channel of communication (e.g. internet, telephone, SMS, social media and face to face)
- Provision of up-to-date information at the right time to enable our customers to make informed decisions.
- Having a single view of customer and service request status enabling anyone who interacts with a customer to respond to any enquiry or request at any point in time
- Better segmentation of our customers to provide them with the services they need

The development of our new processes and systems will deliver the above and will take into account global best practices in customer service; this will also ensure they are flexible enough to cope with future customer needs and requirements.

Effectiveness and efficiency

The Business Transformation programme will also deliver improvements that drive cost efficiencies across the business, that continue to improve our quality of supply performance, and that support low carbon developments such as renewable generation and smart metering, including last gasp functionalities. These include:

- Implementation of systems that enable us to tightly integrate contractors and third party service providers into our processes as if they were internal, whilst at the same time providing active supplier management information
- Fully integrated and simplified processes and systems that enable us to better manage and measure our capital delivery programmes
- A modern wireless mobile solution for data from our field-force and project teams and to enable them to access relevant information electronically. Robust system design will ensure that any data is entered into our systems once only (at source) and in the field only when necessary. This will ensure that the field-force can optimise its productivity, which will result in faster completion of tasks and better customer service
- Smart metering data and last gasp functionalities will be integrated with our systems so that the alarms and events are captured and directed to relevant parts of the business such as our fault response and asset management teams
- Implementation of a flexible and integrated asset, financial, business performance and regulatory reporting solution that will deliver effective business reports from a single data repository. This includes advanced reporting capabilities for historical, real time and forecasting timescales
- Development of systems and processes that enable smart non-firm solutions to be offered to renewable generation customers, utilising Active Network Management

All these transformational changes will result in a more efficient and customer centric organisation by March 2015 to ensure that we achieve upper third performance and are ready for RIIO-ED1.

3 Business transformation scopes and outcomes

The objective of our Business Transformation programme is to review all of the processes in our regulated business and to rationalise and integrate our IT systems to ensure that they are as efficient and effective as possible so that we will achieve our strategic objectives:

- Upper-third in the broad measure of customer satisfaction – putting the customer at the centre of our business processes
- Upper-third in cost efficiency compared to our peers in electricity distribution
- Deliver our frontier performance targets for Customer Minutes Lost (CMLs) and Customer Interruptions (CIs)
- Maintain the health and reliability of our networks
- Support regional growth in electricity demand and the connection of renewable generation

To achieve our strategic objective of upper third performance we need to change our processes and system to:

- Normalise process inconsistencies and implement common best practice processes, consistently applied across all our three networks
- Implement integrated end-to-end processes across our business
- Provide timely end-to-end integration of data without manual intervention or manipulation, or multiple data entries
- Provide a single view of work, assets and customers
- Ensure we have a responsive capability to meet the future requirements of customers
- The safety of the public and our staff is paramount in all that we do. We will continue to constantly improve our approach to health and safety. Our processes and systems must always support this objective

In order to achieve this change the Business Transformation programme has been set up to deliver a range of business outcomes, which support the three pillars of our vision, enable us to achieve our strategic objective of upper third performance and to deliver our planned RIIO outputs. The programme outcomes drive the scope of the programme and touch all areas of our regulated business and for these to be achieved changes to our processes, systems and organisation will be required. Below is a summary of the Business Transformation programme outcomes.

Table 1 Key business outcomes summary

Key business outcomes from Transformation	
Back office	- Self-service HR services for employees and managers - Best in class back office processes, providing integrated financial management - Flexible and efficient financial and regulatory reporting

Key business outcomes from Transformation	
Customer	• We will be able to engage with our customers through their preferred channel of communication • Single view of our customer status in real time • The majority of customer enquiries will be answered at first point of contact
Connections	• Our customers will able to self-serve (enquire, order, pay, schedule and track) their connections job. • Provision of network information at the appropriate voltage level (e.g. load heat maps) so that customers can make informed decisions. • We will deliver connections jobs according to the customers' preferred timelines. • For simple connections jobs, quotations will be provided at first point of contact. • Our customers will have a greater choice of commercial arrangements for the connections services we offer. • The connections processes support the introduction of distributed generation on the network, any associated flexible commercial arrangements and the management of those arrangements.
Capital Delivery	• Earned value tracking on key commodities and regulatory outputs. • Better integration of long term investment planning process with delivery and tracking of capital projects. • Consent management integrated into our delivery processes. • Best practice risk management framework and process deployed across capital investment and delivery. • Application of lean process in construction
Asset Management and Inspection & maintenance	• Single asset register, for linear and non-linear assets, integrated with financial asset information. • Integration of assets and maintenance activity. • Integration of work management across inspections & maintenance, faults response, capital programmes, asset management and connections. • Rationalisation of asset modelling tools and integration with data systems, which are fit for future use of smart meter data • Integration of planning permissions/consents process with asset planning and delivery planning
Contractor management and strategic sourcing	• A leading edge strategic sourcing & commercial process that is fully embedded across the business • Integrated contractor working and streetworks management • Improved cost and performance visibility on outsourced work • Improved and early visibility of our programme of work to secure cost loaded resource plans from our supply chain to better manage capacity

Key business outcomes from Transformation	
Faults	• Integrated and accurate updates to customers through their preferred channel of communication • Integration of "last-gasp" data from smart meters • Integration of customer management systems with our network management system (ENMAC) to support enhanced faults service

The delivery of the Business Transformation programme and its outcomes is led by UK Power Networks, working alongside our Transformation Partner (Enzen) and our Client Side Adviser (KPMG). They take accountability for major aspects of delivery of the programme, including management of the overall delivery programme, design, development, testing and implementation of the new processes and systems. They will also ensure that the programme is completed by March 2015, delivering the business outcomes that will enable us to achieve upper third performance and to deliver our proposed RIIO outputs. Please see chapter 4 for further description of the role of Enzen and KPMG.

An overview of the scope and business outcomes of the Business Transformation programme is described below.

3.1   End-to-end customer service and connections

Our objective is to become an even more customer focused organisation and as such change our processes and systems to meet customer needs and expectations. Over the last few years we have made our service quicker by reducing average telephone answering times to less than 20 seconds, achieving improved results in the Ofgem telephone survey. However, we still have more to do to improve customer service. Our target is to achieve a sustained top third position in the Broad Measure of Customer Satisfaction, which includes our connections activities, for all our three networks. This means answering customer's calls more quickly, being able to resolve many more customer enquiries at the first point of contact, providing more accurate and helpful information and responding to customers in a manner that suits them. This includes being more flexible in our service delivery – delivering estimates and quotes, responses to enquiries and work at times that suit customers' needs and enabling customers proactively to interact with us through whichever communication channel they prefer (e.g. internet, telephone, SMS and social media). We will provide significantly more self-service functionality for customers.

We also want to be able to segment our customers better and provide them with the service they need, for example, paying particular attention to the needs of our vulnerable customers or provided dedicated account managers for major developers that work with us frequently.

Some of business outcomes touching our customer service and connections processes include:

Target Outcome	This means….
Our customers will have greater control and visibility of their service request	• Customers will be able to self-serve, get quotes, book appointments and make payments online • We will offer instant risk-based quotes, payment and booking for at least 50% of small service connections • 100% of customers can book a site visit or delivery instantly for their preferred delivery date following payment (taking into account consents and traffic management restrictions)
Customers are delighted with the clarity and accuracy of information we provide	• 50% of customers will only need to have contact with us once before we deliver their service request • Every customer will receive or be able to access information through their preferred channel, when it is required, including the real time status of their request • We will have a single view of customer status and service request status enabling anyone who interacts with a customer to satisfy any customer enquiry or request
Provide up to date information and clear communication to all customers	• We provide up-to-date information at the right time to enable our customers to make informed decisions

Target Outcome	This means….
All customers will have a greater choice of services to better suit their needs	• We will segment our customers based on their needs and offer them relevant services to suit their expectations, including dedicated points of contact for works
Deliver to the customer's preferred timeline	• Responding to enquiries, providing estimates or quotations and delivering works as and when the customer required
Swift resolution of enquiries and complaints to customers satisfaction	• Resolving 80% complaints, 90% enquiries within 24 hours and 100% within 14 and 7 days (when no-physical work is required to resolve)
We are fit to compete	• Customers have a greater choice of commercial arrangements for services we offer (particularly for larger or more complex projects)

3.2   Asset management, inspection and maintenance

A key area for the Business Transformation programme is to improve the ability to link maintenance job costs to both point assets and linear assets. This information will better inform asset management decisions such as when to replace an asset rather than further maintain it, and how best to target future investment. We anticipate that the existing hierarchy for point assets will be redesigned and re-implemented, so as to be in alignment with the asset cost structures in SAP®.

Forward planning on asset investment, particularly long-term planning is vital to our investment planning. We have made advances in recent years in the tools and techniques we use for this modelling, however it is not closely integrated with our day-to-day asset management processes. We believe that we need tighter integration between these processes to enable faster and more accurate decision-making. We have also been working on creating tighter integration between delivery and asset management forward planning so that overall programme management can be conducted more intelligently.

Our inspections and maintenance activities are driven by our asset management policies and our focus on Ofgem's Output Measures for Asset Health and Load Indices. We propose to understand better our asset performance and adjust asset maintenance policies as a consequence, including the exploitation of more sophisticated risk-based assessment. We also expect our delivery of work to become more efficient due to the application of better planning and mobile tools, better integration between the point and linear assets registers is anticipated and required, together with visibility of linear assets from within the work management systems.

Our business outcomes for asset management, inspections and maintenance are summarised below.

Target Outcome	Specifically this means….
Optimise regulatory risk	• Deliver outperformance against regulatory settlement on totex volume • Planned HI/LI improvement vs. regulatory requirement (totex) • HI target met across regulatory period • LI target met within year and across regulatory period • Regulatory return at risk within defined tolerances
Networks Operations and Capital Programme deliver agreed asset plan	• Ensure sufficient future schemes are pre-planned and ready for delivery • Two year plans in place, monitored and delivered to regulatory targets • Asset policies are captured and delivered
Treat our customers with respect	• Proactively contact all customers affected by planned work through their channel of choice • Contact all priority registered vulnerable customers through a phone call or home visit when they are without power • Achieve high rating for field staff customer satisfaction with zero unplanned CI / CML impact
Maintain a reliable network	• Deliver Outcome indicators, including achieving volumes and meeting HI/LI targets in regulatory period

Target Outcome	Specifically this means….
	• Achieve [98]% of maintenance plan (volume)
Provide all the required data	• All critical asset data inputted into system [prior to commissioning] • Other asset data inputted into system within [1] month of commissioning

3.3 Fault response

Our aim is to anticipate any significant adverse trend in our asset performance before asset failures occur, so that we can undertake appropriate interventions (repair, refurbish or replace) so as not to cause disruption to our customers. We do this through analysing inspection reports, condition data and fault trends for asset classes. This helps us to understand the precursors to failure which we can use to help us eliminate future faults where it is efficient to do so. It is, however, impossible to identify all faults before they materialise, especially since failure rates can also be driven by issues such as inherent defects with the asset and third party damage.

When a fault occurs we want to respond quickly to minimise the impact on customers, communicating effectively with them and taking appropriate action to get power back, which may be through automated control, repair to assets, fixing faults, or the provision of temporary generators.

Our business outcomes for fault response are summarised below.

Target Outcome	Specifically this means….
Further improve restoration performance and reliability	• Outperform on CMLs • Reduce average LV restoration time to [160] minutes • Achieve upper third performance
Drive down faults opex	• Achieve upper third performance for faults opex (unit cost) and deliver within indirect cost targets
Deliver the customer charter	• Customers are provided with the latest view of restoration times from the field as soon as it is known, with 20% margin of error 90% of the time • Contact all priority registered vulnerable customers through a phone call or home visit when they are without power • Proactively contact all customers affected by a fault through their channel of choice (where registered)
Enhance the service using smart meter data	• Achieve upper third performance of faults proactively identified on LV network before the customer contacts us

3.4 Capital programme

Our capital programme delivers major investment in our network, for replacement, reinforcement or growth. Our capital projects need to be delivered efficiently, estimated accurately and delivered to scope and quality with costs consistent with our regulatory settlement and unit costs. In delivering our projects we also aim to minimise the disruption to customers. There is currently limited integration between the capital programme activities and the longer term asset investment strategy. This needs to be improved so that these activity areas are more closely aligned. The various asset and network modelling tools used on capital projects need to be rationalised and common processes put in place across the licence areas.

Our business outcomes for Capital Programme are summarised below.

Target Outcome	Specifically this means….
Deliver the plan and outperform on cost	• Deliver an earned value (EV) of greater than 1 at a portfolio level in year and across the regulatory period, deliver SVI (schedule) greater than 1, deliver CVI (cost) greater than 1 • Deliver outperformance against regulatory settlement on capex unit cost • Achieve volumes at a portfolio level with HI/LI target met across regulatory

Target Outcome	Specifically this means….
	period
Treat our customers with respect	• Proactively contact all customers affected by planned work through their channel of choice (where available) • Field staff achieve high customer satisfaction rating • Zero CI / CML impact as a result of planned work
Provide all the required data	• All critical asset data inputted into system [prior to commissioning] • Other asset data inputted into system within [1] month of commissioning

3.5 Contractor working

We expect that any contractor working with us should wherever possible integrate with our process and systems. However, a contractor with adequate interfaces which provides the information and outcome in a timely manner may also be acceptable. Depending on the type of work being undertaken by a contractor they may be required to use our systems. So a contractor providing jointing resources for faults would be expected to integrate fully, however a contractor providing groundwork resources may have more scope to integrate or use their own systems interfacing with ours.

3.6 Regulatory and performance reporting

We need to provide a wide range of regulatory reports – being able to achieve this accurately is important both in terms of the management of the business and in our relationship with the regulator. Currently regulatory reporting is a demanding process with many manual interventions to identify data and build accurate reports. We envisage that data will become more integrated and be of a higher quality enabling more accurate reporting. We propose to have a solution that is flexible, to enable us to adjust to changing regulatory reporting needs.

Performance management of our processes will continue to be important to our business. We want to be able to report on performance across networks, regions, teams, individuals, assets and suppliers, providing a range of mechanisms to set objectives and monitor performance. Our intention is that performance data is taken directly from core systems with manual intervention avoided.

Our business outcomes have been set so that we can confidently deliver against our RIIO-ED1 plan outputs. The table below maps some of our key outcomes against the RIIO-ED1 output categories.

RIIO ED1 Outputs	Business Transformation outcomes
Safety	• HSS Targets met
Reliability & Availability	• Upper third score in Reliability (Strategic Objective)
	• Upper third performance for >6 , > 8, > 12 hour fault resolutions
	• 30% reduction of number of customers experiencing more than three fuse operations in 12 months
	• HI targets met across regulatory period
	• LI targets met across regulatory period
Customer satisfaction	• We will deliver Target Objectives on BMoCS (Strategic Objective)
	• Customers will be able to self-serve, confirm Supplier, book appointments and make payments online
	• Staff will be motivated and engaged in their work and will want to give their best to optimise customer service to deliver success for UK Power Networks

RIIO ED1 Outputs	Business Transformation outcomes
	• Customers will be involved in the development of our business via Stakeholder engagement activities (where applicable)
	• We will proactively contact all customers affected by planned work through their channel of choice (where available)
	• The customer has a clear understanding of how their enquiry/complaint will be addressed
	• We will fulfil service requests as and when the customer requires
	• Field staff will achieve high customer satisfaction rating
	• Planned works will be coordinated to ensure minimal disruption to the customer
	• Every customer will have access to information about their service request through their preferred channel at all times
	• Any dissatisfaction expressed by customers will be captured and used to improve customer service
Social Obligations	• We will offer priority registered vulnerable customers support when they are without power
	• Customers will be involved in the development of our business via Stakeholder engagement activities (where applicable)
Connections	• We will deliver Target Objectives on BMoCS (Strategic Objective)
	• 100% of customers will be able to book a site visit or delivery instantly for their preferred delivery date following payment (taking into account consents and traffic management restrictions)
	• We will fulfil connection requests as and when the customer requires
	• Our quotations will be transparent, clear and easy to understand (including convertible quotes)
	• We will meet the customer's preferred date for delivery of a quote
Environmental Impacts	• HSS Targets met

4 Business transformation delivery approach

UK Power Networks' Business Transformation is a large, multi-million pound change programme self-funded by our shareholders, which aims to transform our regulated business over the next two years so that we achieve our strategic targets of upper third performance in customer service, connections customer experience, cost efficiency and quality of supply.

In order to deliver this programme we have chosen Enzen Global Limited as our programme delivery partner. Enzen is a specialist organisation focused exclusively in the energy and utilities industry. They have a track record of successfully delivering large projects in the UK utilities industry across Gas, Electricity and Water. Moreover, Enzen has a deep knowledge of our processes, systems, people and culture as they have successfully delivered a number of projects for UK Power Networks in the last three years including projects that had an outcome focus similar to the transformation programme. At a high-level, Enzen's responsibilities cover programme management and delivery and all activities with regards to systems design including future processes and systems definition, design, development, testing and deployment. Business change activities will be designed and delivered with support from Enzen, but the responsibility for leading business change lies with UK Power Networks as we strongly believe that the change in people, behaviours, performance and business processes has to be led by us.
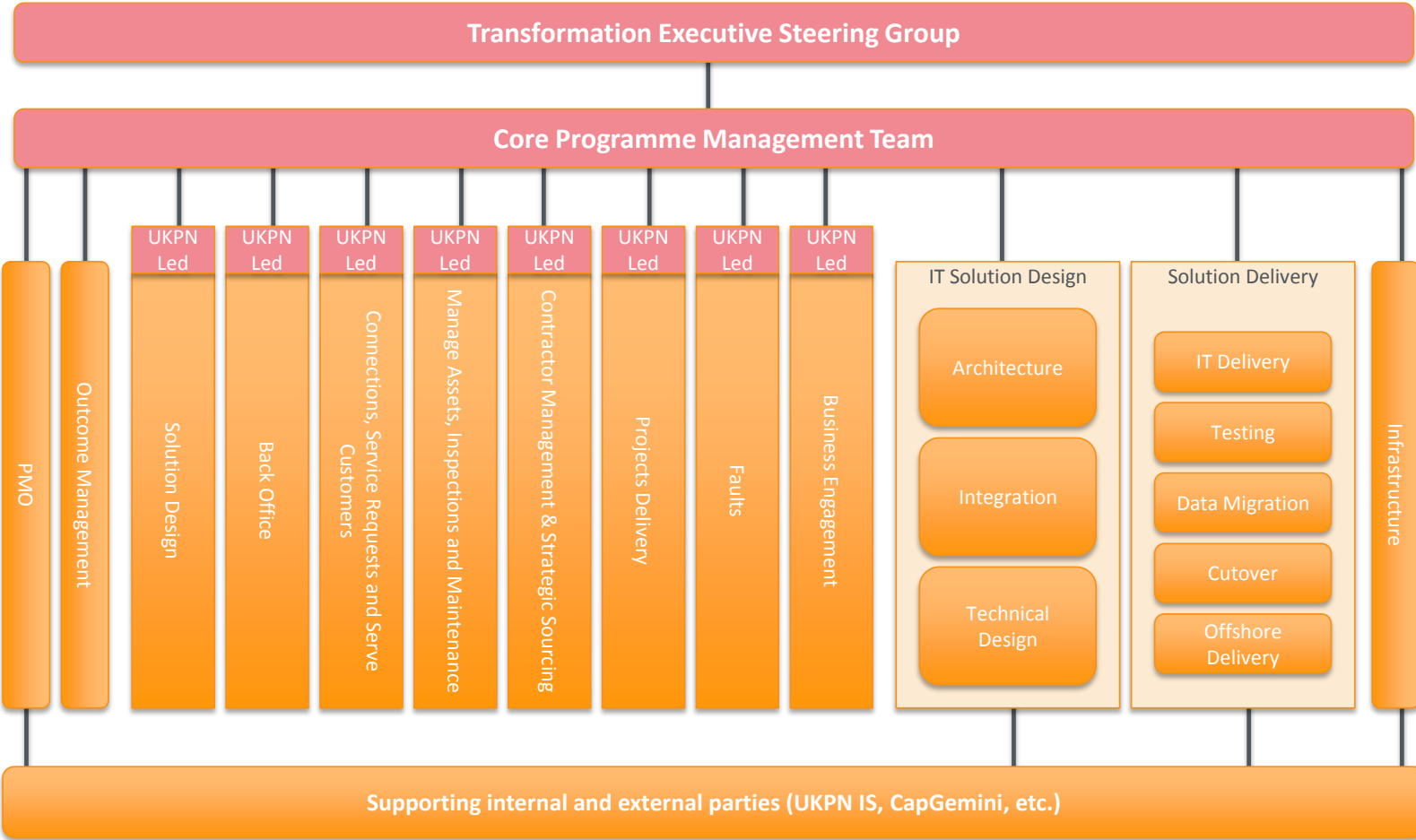
To support UK Power Networks and Enzen in delivering the Business Transformation programme, KPMG have been chosen as our Client Side Advisor, working with us to provide expert resources to supplement our in-house team. KPMG will: ensure alignment of all programme activities to the business outcomes; ensure adoptions of both business and delivery global best practices; and manage the impact to existing business activities during delivery of our Business Transformation programme.

Although support from specialist organisations in the delivery of transformation programmes is required, UK Power Networks is accountable for the Business Transformation as this is a truly business led, owned and driven programme. We have appointed lead individuals from our business to work in the programme but these leads will retain their role in day-to-day current business operations. Business engagement is vital and is led by our Head of Transformation Engagement, who reports directly to the Director for Transformation and to our Director of Human Resources. To ensure the integrity of the overall programme solution, our Head of Solution Design, who also reports to the Director of Transformation will ensure that the overall solution and approach is integrated, consistent and designed to deliver all business outcomes and benefits.

Enzen and KPMG teams have seamlessly integrated the UK Power Networks' team, supporting a one team collaborative way of working. This is key to the optimisation of the programme's success.

A high-level Business Transformation programme structure is depicted below.

Figure 1 High-level business transformation programme structure

The figure shows the business transformation programme structure with the following hierarchy:

- **Transformation Executive Steering Group**
- **Core Programme Management Team**

Reporting to the Core Programme Management Team:
- PMO
- Outcome Management
- UKPN Led: Solution Design
- UKPN Led: Back Office
- UKPN Led: Connections, Service Requests and Serve Customers
- UKPN Led: Manage Assets, Inspections and Maintenance
- UKPN Led: Contractor Management & Strategic Sourcing
- UKPN Led: Projects Delivery
- UKPN Led: Faults
- UKPN Led: Business Engagement
- IT Solution Design
  - Architecture
  - Integration
  - Technical Design
- Solution Delivery
  - IT Delivery
  - Testing
  - Data Migration
  - Cutover
  - Offshore Delivery
- Infrastructure

**Supporting internal and external parties (UKPN IS, CapGemini, etc.)**

The Transformation Executive Steering Group is made up of UKPN Executive Members with input from our Client Side Advisor and Transformation Partner Leads. All functional and engagement workstreams are led by UKPN Senior Management.

4.1   High-level business transformation plan

Our objective is to complete the Business Transformation programme by April 2015, in time for the RIIO-ED1 period. We will take a phased implementation approach that progressively improves the capability of our business by realising early benefits and outcomes, and also minimises risk by implementing business critical processes (e.g. Capital delivery and Faults response) later in the programme. Our high-level plan for delivery of the programme is outlined below. It was built on a time-tested model of de-risked delivery, while achieving maximum early benefits.

Figure 2 High-level delivery plan
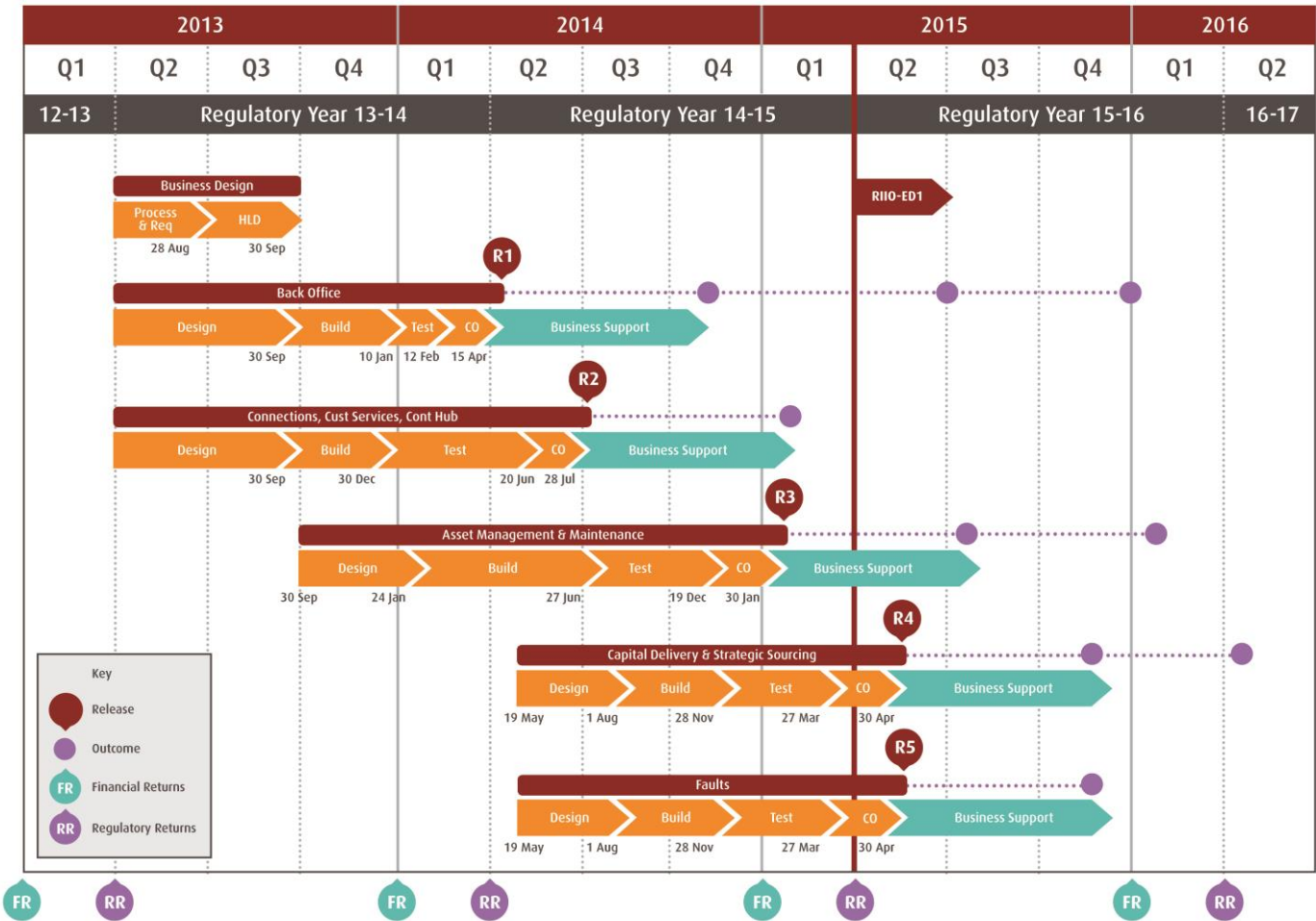
The key programme delivery milestones (Releases) in the above diagram include the following:

Release 1: Back office (15th April 2014)

This release includes the modernisation of our back office systems for the implementation of new work and asset management processes, as well as changes to how our finance, human resources and payroll systems are configured. This includes the introduction of new modern back office facilities such as self-service for employees and managers. Best practice back office processes will also be implemented, providing integrated financial management, as well as high quality and efficient financial and regulatory reporting.

Release 2: Connections and customer services (28th July 2014)

This release will deliver major improvements to our connections and customer service processes, resulting in significant improvements in our Broad Measures of Customer Services performance. This will include enabling customers to interact with us through their chosen communication channel (e.g. internet, telephone, SMS and social media) and provide them with significantly more self-service options. We envisage that the business outcomes described in section 3.1 will be realised as part of this release.

Release 3: Asset Management, inspection & maintenance (30th Jan 2015)

As a result of this release we will have more efficient inspection and maintenance processes that support insightful and effective asset management. A new single asset register database, populated with all our assets and combined with new integrated planning, scheduling and dispatch processes, will also be delivered. This will capture accurate work, cost and health asset data enabling us to continue to improve the way we manage network performance on a daily basis and to report on our assets and costs more accurately and efficiently. We expect the key business outcomes listed in section 3.2 to be achieved as part of this release.

Release 4: Capital delivery (30th April 2015)

This release will provide integrated capital project management that links directly into our asset base. This will provide greater integration between the execution of work and its registration on the asset register database as well as the recording and reporting of information for regulatory reporting purposes. It will provide more accurate data on our asset investment and unit costs. We already have some initiatives underway to improve our capital programme processes, including the implementation of Primavera P6 R8.2 in 2013. This release will deliver the outcomes stated in section 3.4.

Release 5: Faults response (30th April 2015)

As part of this release we will improve our performance in fault response and provide more timely and better customer information in response to a fault. New fault work planning, scheduling and dispatch tools, as well as new mobile solutions and applications for our fault response engineers will be delivered as part of this release. Fault information, status and rectification time will be integrated into our customer service processes, so that customers can obtain accurate feedback on when faults will be resolved. Inferencing and fault identification techniques will also be improved to enable more accurate response to fault information. This release will deliver the outcomes stated in section 3.3.